EXHIBIT 46

National Hog Farmer

Hog Cycle: Misery Loves Company

Steve Meyer | Jan 18, 2008

The last time that the hog-corn price ratio was at 30 was the week of June 22, 2006. Omaha cash corn was $1.99/bu. and Iowa-southern Minnesota barrows and gilts sold at a base price of $84.02/cwt carcass or $62.18/cwt live.

I do not know what the cost of producing corn was in the 2005-06 crop year, but I would bet money that it was higher than $1.99/bu. Whomever sold corn that week at $1.99/bu. would not have been a happy camper if they had not used some effective risk management/price enhancement strategies or received government payments. In fact, they may have been downright angry had neither of those taken place.

The reason for this soliloquy is to pose this question: Would the corn seller have been any better off if the hog producers that week decided to sell the hogs for 10% less? Would the hog producers have been better or worse off? How would that action, altruistic as it may have been, have affected hog producers' future abilities to buy corn?

It's that time in the hog cycle again when hog producers are asking packers and retailers to do just what I have described: Cut their selling prices. And about the only good reason I can come up with for that desire is that misery loves company. Let's think this through.

The reason that any seller reduces his/her price is to sell more of a product. That desire may be driven by shelves or warehouses full of surplus product or by a desire to increase profits, but whatever the reason, the goal is the same: Increase the number of units sold.

If the demand for the product in question is elastic, then the number of units sold will increase by a larger percentage than the price is decreased and the seller's total revenue will rise. If the demand is inelastic (such as the demand for pork!), the seller's revenues will fall -- but he/she may be willing to do that to empty the shelves or warehouse, or to attract customers who may buy other items on which the seller can make a profit.

Slashing Retail Prices Wouldn't Boost Sales

Would cutting retail pork prices now help move more product? Absolutely. Consumers will buy more at a lower price. But we need to ask ourselves whether product movement has really been a problem. Unfortunately, November is the most recent month for which we have the data to answer that question since domestic pork disappearance is a function of stocks, production, exports and imports.

Figure 1 illustrates the results of monthly domestic disappearance calculations, and clearly shows that monthly domestic pork disappearance was record high in October and November. In those two months, U.S. retailers and foodservice establishments moved 155 million and 108 million pounds more pork, respectively, than they did one year ago. That's an increase of 8.9% and 5.9%. If we adjust for the difference in slaughter days (since disappearance is a function of production and production is a function of slaughter days), during October and November 2007 vs. 2006, those numbers are +4.1% and +5.9%.

During those two months, the amount of pork in cold storage did increase, but the increase amounted to 4.4 million pounds (+0.6%) in October and 7.6 million pounds (+1.6%) in November vs. one year ago. Production in those two months was 211.5 million pounds (11%) and 149.8 million pounds (8.0%) higher than one year ago. It is apparent to me that domestic pork movement was not a problem. We sold more than we ever have and put very little product into freezers.

So what would slashing retail prices accomplish? It wouldn't do much except to reduce the number of dollars flowing into the pork value chain and reduce profits of retailers, restaurateurs and, perhaps, packers. I would never argue for extreme profits for any of those groups -- but retailers and restaurants do not have to sell pork and they will not sell it if it is not profitable.

Finally, the USDA retail price data is still very shaky. It is still derived from prices gathered by the Department of Commerce as part of its monthly computations of the consumer price index. But food and meat comprise such a small proportion of total expenditures that Commerce has gathered prices on fewer and fewer pork items over time. In addition, Commerce has no idea how much product sells at each price. Every piece of evidence suggests that pork featuring was widespread this fall, especially in October. If people indeed buy more at lower prices, it makes sense to conclude that the $2.39 special on pork chops should be weighted much heavier than the regular price of $3.39, right? Yet Commerce and USDA would publish the average as $2.89 -- equal weighting because they have no other data.

What makes this rather maddening is that the Livestock Reporting Act of 1999 that created the mandatory price reporting system also created a retail price system based on scanner-derived data that did include sales volume. That program lapsed in 2004 when several key senators decided to allow the enabling law to lapse due to phantom "problems" with mandatory price reporting. The scanner-based system has been revived, but it is not yet again operational, and it will be a while before we have the data to fill the nearly three-year gap and create a useful data series.

Glut of Hogs Produces Low Prices

Hog prices are low because there are lots of hogs available largely because hog producers solved their circovirus death and morbidity losses en masse and did so very abruptly. Let's get the hogs to town, do whatever we have to do to get them moved, and not dwell on whether someone else is making money. When hog prices go back up (and they will!) you are still going to need those people to aggressively sell your product. And given where retail prices may be headed in the future, they may have to work very hard to get that done.

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